period, for the disappearance of the surplus.

Again, what is most alarming is where this is all headed. This is not my chart. This is from the President's own budget analysis. What it shows is that the next 10 years is really the budget ''sweet spot.'' It is the budget ''sweet spot'' even though we are running record budget deficits, the biggest in our history. But the President says if you adopt his spending plan and his tax plan, these are the good times, that it is going to get much more serious when the baby boomers start to retire and the full effects of the President's tax cuts are phased in. Then you can see the President's policies are going to take us right over the cliff into massive deficits and debt, unlike anything we have seen before. That is his projection of where his policies are leading.

Well, we do not just have to rely on his projections because they have been wrong repeatedly. The Congressional Budget Office is telling us exactly the same thing. This is their long-term forecast of what happens under the President's policies—his tax cuts, fixing the alternative minimum tax, his spending policies. This is what they say is going to happen.

This is where we are now. These are records: the biggest deficits, in dollar terms, we have ever had. This is where we are headed, according to the Congressional Budget Office, if we adopt his policies—a sea of red ink. That is what we face as a nation under the President's policies.

Now we look at Federal spending and Federal revenue because it is that relationship that determines what happens to deficits.

This chart shows what has happened to Federal spending as a percentage of gross domestic product. Senator BENNETT referred to using a percentage of gross domestic product as an appropriate measure of looking at debt and deficits. I agree because it takes out the effect of inflation so you can see real comparisons over time for Federal spending and Federal revenue.

What this shows us is, by 2001, we had gotten down to 18 percent of gross domestic product going for Federal spending, down sharply from where we were in the 1980s and the 1990s. In fact, you can see, in the Clinton administration, President Clinton came in right here, and every year thereafter spending, as a percentage of GDP, went down. I think this is counterintuitive to many people, but under a Democratic President, Federal spending went down each and every year of his administration measured against the national income.

President Bush came in, and we have had a spike up in spending. Again, 91 percent of that increase has gone for defense, homeland security, and a response to the attacks of September 11. Still, if you project out this level of spending, what you see is we are still well below the spending of the 1980s and 1990s.

But let's look at the revenue side for the other side of this coin. That is where we see a fairly stark picture. You can see that the revenue side is where the whole Federal fiscal condition has collapsed. Revenues, as a percent of GDP for this year, are projected to be at the lowest level since 1950. Now look at that.

When President Bush came into office, we were at a high level of revenue as a share of GDP. In fact, he used that as a reason to cut taxes. He said, revenue is at a record level as a share of GDP, and that told him we ought to cut taxes. But look at where we are now. We are now at a record low, the lowest revenue has been since 1950. And his answer: Cut taxes some more.

It does not matter what the question is, his answer is the same. And I think any rational person, looking at this objectively, would say: What do we have to do to dig out of this? We have to restrain spending. We have to get more revenue to balance this budget. Balancing this budget is critically important before the baby boomers start to retire and increase the spending even more, and, unfortunately, under the President's plan, before the revenue dips even more because he is proposing deep tax cuts that explode in cost at the same time the baby boomers' cost to the Government increases.

Finally, Senator BENNETT talked about the tax cuts as being the reason the economy is in recovery. I don't agree that that is the correct analysis. There are two things Government can do to affect the economy. One is monetary policy. That is money supply, interest rates; that is under the purview of the Federal Reserve. The other element of economic policy that can be affected by the Federal Government is fiscal policy, the taxing and spending decisions by the Congress and the President.

First of all, I would say the biggest reason for the economic comeback is monetary policy. The Federal Reserve Board has adopted a very accommodative monetary policy, the lowest interest rates in 40 years. That gives enormous lift to the economy. That is, I believe, reason No. 1 for the economic comeback.

No. 2 would be the business cycle. We have seen for a very extended period the economic history of the country. When you have a slowdown, you have an automatic recovery as the business cycle proceeds. We have seen typically 17 months after a business cycle peak, when you have a recession, you start to see very strong job growth and recovery. In this particular recovery, we have seen very weak job growth, even though we are 36 months past the business cycle peak. Nonetheless, business cycle is clearly the key reason for the rebound and stimulus.

Certainly, stimulus through tax cuts and Government spending has also given lift to this economy. After all, we have run nearly a trillion dollars in deficits in just the last 2 years. So we are spending more. In fact, spending from 2000 to 2003 was up 20 percent. That is stimulative, that is more money moving in the economy. That is more goods and purchases by the Government. That stimulates the economy. In addition, the tax cuts, without question, also provided stimulus. I would say the rebate checks and the lower rates helped stimulate consumer spending in the short run, but the tax cuts for the affluent were largely saved. So the part of the tax cuts that were especially stimulative were those tax cuts that led people to spend money.

The problem with the President's tax cuts is he weighted them too heavily to the upper income who are the very least likely to spend the money and stimulate the economy.

Finally, there is the sinking dollar. The dollar has gone down now nearly 30 percent against the euro since 2002, making U.S. exports cheaper abroad, making it easier for others to buy our goods.

Those are the factors I believe have contributed to economic recovery, not just the tax cuts. Certainly the tax cuts have played a role, but they are just one factor in the five factors I have mentioned.

With that, I take this opportunity to thank my colleagues for the good day we had today, the productive debate and discussion we had. I welcome this opportunity to respond to Senator BENNETT and his alternative view of what is happening with deficits and debt, what is happening to the job circumstance in our country, and to give my view of what is occurring. I find people across the country are increasingly troubled by a sense that something is wrong, something is amiss, something is not happening as it has happened in the past.

All of us have a responsibility to try to diagnose why that is happening and come up with solutions that will make things better for the future.

I yield the floor.

ADJOURNMENT UNTIL 9:30 A.M. TOMORROW

The PRESIDING OFFICER. Under the previous order, the Senate stands adjourned until 9:30 a.m., Wednesday, March 10, 2004.

Thereupon, the Senate, at 8:16 p.m., adjourned until Wednesday, March 10, 2004, at 9:30 a.m.